

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

In the Matter of)

Billed Party Preference for)
InterLATA 0+ Calls)

CC Docket No. 92-77

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REPLY COMMENTS OF GTE

GTE Service Corporation and its affiliated
domestic telephone operating companies

Gail L. Polivy
1850 M Street, N.W.
Suite 1200
Washington, DC 20036
(202) 463-5214

August 16, 1996

Their Attorneys

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SUMMARY

In the course of this proceeding, the Commission has examined ways of reducing unreasonably high rates of a small number of Operator Service Providers ("OSPs"). It has been shown, however, that implementing Billed Party Preference ("BPP") would be a costly and burdensome solution. Suggestions by some parties that resources to be developed for Local Number Portability ("LNP") will significantly reduce BPP implementation costs are not supported by the facts. LNP efforts would have little or no effect on delivering BPP capabilities or reducing BPP costs. GTE urges the Commission to end its consideration of BPP.

Instead of burdening all carriers, restrictions should be directed at those carriers whose rates are unreasonable. If, however, the Commission should deem continued regulation of OSP rates necessary, it should establish benchmark rates, such as those proposed by Ameritech (120% of the highest rate of the three largest interexchange carriers). OSPs, and only those OSPs, who choose to charge 0+ rates above a Commission-established benchmark should be required to disclose such charges to consumers orally before connecting the call.

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REPLY COMMENTS OF GTE

GTE Service Corporation ("GTE"), on behalf of its affiliated domestic telephone, wireless and long distance companies, respectfully submits these Reply Comments in response to the Second Further Notice of Proposed Rulemaking ("SFNPRM"), FCC No. 96-253, released June 6, 1996, in the above captioned proceeding.

INTRODUCTION

In this proceeding, the Commission proposes alternatives to Billed Party Preference ("BPP") in the form of benchmarks for Operator Service Providers ("OSPs") rates and associated charges. The SFNPRM proposes to require OSPs to disclose charges for a call to consumers orally before connecting a call if an OSP's rates are higher than a certain percentage above a composite of the 0+ rates charged by the three largest interstate, interexchange carriers ("IXCs"). The Commission also seeks comment on requiring all OSPs to disclose their rates on all 0+ calls; filing of informational tariffs for interstate operator services and forbearance from tariff-filing requirements applicable to OSPs; considering some alternative remedy than BPP for calls from inmate-only telephones in prisons; and determining the cost of requiring all OSPs to disclose their rates for each 0+ call from payphones.

In its Comments, GTE argued that applying restrictions to the entire industry because of problems caused by unreasonably high rates charged by a few OSPs is overly broad and not the appropriate remedy to curtail problems caused by a few abusing carriers. Instead, restrictions should be directed at those carriers whose rates are unreasonable. If the Commission concludes, nonetheless, that continued rate regulation is necessary, GTE supported the Ameritech benchmark rate proposal (120% of the highest rate of the three largest IXC's) and oral disclosure for OSPs that charge rates above the established benchmark. GTE urged the Commission to continue to require OSPs to file tariffs and to refrain from mandating BPP requirements for inmate-only telephones.

DISCUSSION

I. Local Number Portability deployment efforts will not reduce the cost of BPP. The Commission should terminate further consideration of BPP.

The Commenters were split on whether the Commission should continue consideration of BPP in an attempt to deal with the problem of unreasonably high charges from some OSPs. Commenters supporting continued consideration of BPP cited anticipated cost reductions resulting from the deployment of resources for local number portability capabilities.¹ Other Commenters, including GTE, argued that BPP is costly and unnecessary and that LNP efforts would have little or no effect on delivering

¹ Pennsylvania PUC at 2, California PUC at 2, Ohio PUC at 1, State of New York Consumer Protection Board at 7.

BPP capabilities or reducing BPP costs.² GTE believes that the time has come to terminate further consideration of BPP.

Deployment of LNP will not result in local exchange carriers ("LECs") developing network capabilities that will significantly reduce BPP implementation costs. The information needed for BPP is provided through the Line Information Data Bases ("LIDBs"), which also provides validation for operator-assisted calls.³ LNP data bases, however, are being designed to store only information necessary to route the call to the terminating location,⁴ not the preferred OSP. While it would not be impossible to add the preferred OSP, the LNP data base is not where this information should reside. Also, depending on the LNP architecture adopted, the LNP data base may or may not need to be accessed on every call. Finally, it is other network costs that make BPP prohibitively expensive, not simply the data base query.

BPP requires the operator switch to determine the preferred OSP of the billed party, and to route the call to that preferred IXC for transport of the call. LNP, however, generally requires the operator switch to determine the local routing number of the called party. Since billed and called parties are different (except for collect calls), the

² Ameritech at 2, Bell Atlantic, BellSouth, NYNEX Joint Comments at 9, Southwestern Bell Telephone at 2, U S WEST, Inc. at 2.

³ LECs already send calling card and billed number screening Alternate Billed Services ("ABS") queries to their LIDBs from their Operator Service Switches ("OSS").

⁴ The local routing number and possibly the System Signaling 7 ("SS7") network destination point code of the LIDB housing the line record of the ported number.

queries would, in most cases, need to route to entirely different data bases, even if a single data base were used to store all the data for a given line for both functions.

Several filing parties agree that the concept of BPP, initially proposed in 1992, is no longer a viable concept. Bell Atlantic, BellSouth and NYNEX urge the Commission to end its consideration of BPP.⁵ Southwestern Bell Telephone believes the time has passed for the implementation of BPP.⁶ CompTel argues that the Commission has implicitly concluded that the record demonstrates BPP is not in the public interest.⁷ Communications Central, Inc. maintains that actions resulting from the Telephone Operator Consumer Services Improvement Act of 1990 ("TOCSIA") have given consumers adequate information and safeguards to make informed choices and BPP is unnecessary.⁸ Intellicall Companies states simply, the time has come to put BPP behind us.⁹

GTE agrees that the Commission should terminate consideration of BPP as an alternative to OSP rate issues. Access code dialing is essentially ubiquitous and the vast majority of consumers, having embraced Commission and industry education efforts, avail themselves of this option to ensure they are using the OSP of their choice. TOCSIA has fostered consumer access to both rate information (if it is requested) and

⁵ Bell Atlantic, BellSouth, NYNEX Joint Comments at 2.

⁶ Southwestern Bell Telephone at 2.

⁷ Competitive Telecommunications Association ("CompTel") at 20.

⁸ Communications Central, Inc. at 2.

⁹ Intellicall Companies at i.

an unblocked network. The deployment, implementation, and educational costs required to make BPP a reality can no longer be justified in today's OSP market. It is time to let market forces operate to protect consumers and eliminate those carriers who opt to operate out-of-line.

In summary, GTE asserts LNP deployment efforts cannot justify continued consideration of BPP by the Commission. Carriers should not be required to incur the expense of providing BPP as it is no longer necessary.

II. If continued regulation of OSP rates is deemed necessary, establishing benchmark rates would meet Commission objectives and offer an alternative to BPP.

The vast majority of commenters supported the Commission's proposal of a benchmark rate, if the Commission determines continued regulation of OSP rates to be necessary. However, there was no obvious consensus on what the composition and determination of such a benchmark rate should be.

Many commenters agreed with the Commission's conclusion that rates of the three largest IXC's probably reflect consumer expectations and represent a satisfactory way to meet consumer OSP rate expectations.¹⁰ GTE continues to maintain that the Ameritech proposal, setting the benchmark at 120% of the highest rate of the three largest IXC's, affords the Commission the best opportunity to encourage future pricing innovations, maintain pricing flexibility, accommodate and recognize differing OSP cost

¹⁰ Ameritech at 4, Pacific Telesis Group at 3, Pennsylvania PUC at 3, Ohio Consumers' Council at 2, Consolidated Communications Public Services, Inc. at 2.

positions, and meet its goal of establishing rates that meet consumer expectations.

Such a benchmark rate would be an effective, and far less costly, alternative to BPP.

III. OSPs charging rates above the benchmark rate should be required to disclose such charges orally to consumers before connecting the call.

GTE agreed with the Commission's tentative conclusion (SFNPRM at ¶13) that only those OSPs charging rates above an established benchmark should be required to disclose such charges to consumers orally before connecting any 0+ calls. Such a requirement would afford consumers notice of higher than benchmark rates before their call is completed and would target required regulation to those parties that choose to charge rates in excess of a benchmark ceiling. Carriers charging rates below the benchmark, however, should not be encumbered with this requirement and the additional resulting costs.

The vast majority of Commenters expressed similar views concerning disclosure of higher than benchmark rates. Ameritech states there should not be mandatory, automatic disclosure for calls that come in under the benchmark.¹¹ Bell Atlantic, BellSouth and NYNEX maintain price disclosure should only be required for calls that exceed a Commission-established price benchmark.¹² Pacific Telesis Group says disclosure should not be required for all 0+ calls, but should be required for those exceeding benchmark rates. It also adds that the disclosure should be for the actual

¹¹ Ameritech at 3.

¹² Bell Atlantic, BellSouth and NYNEX Joint Comments at 2.

rates of the call and reiterates that disclosure should only be required for charges exceeding the benchmark.¹³ U S WEST states disclosure should be required for all 0+ calls that exceed the Commission's benchmark and correctly urges the Commission to refrain from mandating any disclosure model that would involve a real-time data base query to secure the desired rate information.¹⁴ American Public Communications Council supports oral disclosure requirements on all calls that exceed a reasonable benchmark.¹⁵ New York State Consumer Protection Board believes companies charging above a benchmark rate should be required to disclose that fact.¹⁶ National Telephone Cooperative Association ("NTCA") asserts it is in the public interest to require OSPs to disclose their rates for 0+ calls, but such disclosure should be done only in instances where the rates exceed some percentage of a given benchmark. NTCA urges the Commission to ensure that the burden of monitoring and enforcement is not placed on the LECs, but rests solely with competing OSPs.¹⁷

GTE concurs that OSPs, and only those OSPs, who choose to charge 0+ rates above a Commission-established benchmark should be required to disclose such charges to consumers orally before connecting the call. Disclosure requirements should consist of the charge for the specific call and should quote rates for the first

¹³ Pacific Telesis Group at 2.

¹⁴ U S WEST, Inc. at 4 and 11.

¹⁵ American Public Communications Council at ii.

¹⁶ New York State Consumer Protection Board at 1.

¹⁷ National Telephone Cooperative Association at 4.

minute and subsequent minutes. In no event should disclosure requirements involve a real-time data base query to secure the required rate information.

Sprint agrees there is no merit in requiring rate disclosures on all calls and estimates the labor costs of rate disclosure would approximate \$.35 cents per call. Additionally, OSPs would incur the costs of developing systems that would allow operators to know, on a real time basis, the charges for the particular type of call being placed by the calling party.¹⁸ MCI estimates it would cost an additional \$.40 per call in order to send all calls to a live operator to disclose the rates. Developing an automated system that could quote a rate at the point the call is made is possible, but would significantly increase the OSPs cost.¹⁹ U S WEST estimates to mechanize a system that can easily or cheaply be accessed in real time to secure specific call rating and to quote it to a customer prior to call completion would add about \$.50 to each call.²⁰ America's Carriers Telecommunication Association suggests that OSPs already have the technology to allow for full disclosure at the time a call is made and prior to the time charges are incurred.²¹ However, this is not correct for 0+ calls handled on a mechanized basis (approximately 80%) by GTE. As discussed in GTE comments (at 7), significant capital outlays and years of lead time would be necessary to achieve this capability.

¹⁸ Sprint at 4, n.3.

¹⁹ MCI at 3.

²⁰ U S WEST at 10.

²¹ America's Carriers Telecommunication Association at 7.

Finally, many Commenters including GTE agree that enforcement and monitoring burdens should not be placed on LECs. These burdens should rest solely on the competing OSPs.

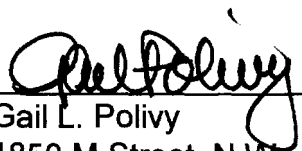
CONCLUSION

For the foregoing reasons, GTE believes the Commission should end its consideration of Billed Party Preference as a way of reducing unreasonable rates of a small number of OSPs. If the Commission should deem continued regulation of OSP rates necessary, it should establish benchmark rates that use the Ameritech proposal (120% of the highest rate of the three largest interexchange carriers). OSPs, and only those OSPs , who choose to charge 0+ rates above a Commission-established benchmark should be required to disclose such charges to consumers orally before connecting the call.

Respectfully submitted,

GTE Service Corporation and its affiliated
domestic telephone, wireless and long
distance companies

By


Gail L. Polivy
1850 M Street, N.W.
Suite 1200
Washington, D.C. 20036
(202) 463-5214

August 16, 1996

THEIR ATTORNEY

Certificate of Service

I, Ann D. Berkowitz, hereby certify that copies of the foregoing "Reply Comments of GTE" have been mailed by first class United States mail, postage prepaid, on August 16, 1996 to all parties of record.

A handwritten signature in black ink, appearing to read "Ann D. Berkowitz", written over a horizontal line.

Ann D. Berkowitz